

Glossary

Actions, reported in bulk: federal procurement contract actions of \$25,000 or less. Federal agencies are required to report a summary of such actions to the Federal Procurement Data Center each quarter.

Actions, reported individually: federal procurement contract actions over \$25,000. Federal agencies are required to file a detailed report, Standard Form 2790, for each of these contract actions with the Federal Procurement Data Center. Prior to FY 1983 for the Department of Defense, and FY 1986 for civilian agencies, the dollar threshold for reporting detailed information on procurement contracts was \$10,000.

Bankruptcy: condition in which a business cannot meet its debt obligations and petitions a federal district court for either reorganization of its debts or liquidation of its assets.

Business birth (entry): formation of a new establishment or enterprise.

Business dissolution: for enumeration purposes, the absence from any current record of a business that was present in the prior time period.

Business failure: the closure of a business causing a loss to at least one creditor.

Capital expenditures: business spending on additional plant, equipment, and inventory.

Code of Federal Regulations: codification of the general and permanent rules of the federal government published in the *Federal Register*.

Corporation: firm granted a state charter to incorporate, thereby limiting the liability of its owner(s).

Current Population Survey (CPS): monthly survey conducted by the Bureau of the Census that provides estimates of the number of persons working, the number unemployed, and related employment data.

Debt capital: business financing that normally requires periodic interest payments and repayment of the principal within a specified time.

8(a) program: program, authorized under the Small Business Act, that directs federal contracts to small businesses owned and operated by socially and economically disadvantaged individuals.

Enterprise: aggregation of all establishments owned by a parent company. An enterprise may consist of a single, independent establishment, or it can include subsidiaries or other branch establishments under the same ownership and control.

Equity capital: an investment in exchange for partial business ownership. The investor's financial return comes from dividend payments and from growth in the net worth of a business.

Establishment: a single-location business unit, which may be independent—called a single-establishment enterprise—or owned by a parent enterprise.

Financial intermediary: a financial institution that acts as the intermediary between borrowers and lenders. Banks, savings and loan associations, finance companies, and venture capital companies are major financial intermediaries in the United States.

Fixed-price contract: a contract that provides for a specified price (or, in some cases, an adjustable price) for the supplies or services being procured, usually within a stipulated contract period. Under this type of agreement, maximum risk and responsibility are placed upon the contractor.

Full-time workers: generally, workers who work a regular schedule, or more than 35 hours per week.

Gross domestic product (GDP): the most comprehensive single measure of aggregate economic output. Represents the market value of the total output of goods and services produced by a nation's economy.

Incorporation: filing of a certificate of incorporation with a state's secretary of state, thereby limiting the business owner's liability.

Indeterminate industry: industry in which the small or large business share of employment or sales falls between 40 and 60 percent of total industry employment.

Informal capital: financing from an informal, unorganized source; includes informal debt capital such as trade credit or loans from friends and relatives and informal equity capital from informal investors.

Initial public offering (IPO): a public offering of securities by a first-time issuer.

Innovation: introduction of a new idea into the marketplace in the form of a new product or service or an improvement in organization or process.

Large-business-dominated industry: industry in which a minimum of 60 percent of employment or sales is in firms with more than 500 workers.

Metropolitan Statistical Area (MSA): a geographic area defined by the Office of Management and Budget as a large population nucleus with at least 50,000 persons, together with adjacent communities that have a high degree of economic and social integration with that nucleus.

Minority-owned businesses: for the purposes of the Bureau of the Census' *Characteristics of Business Owners* (CBO) survey, businesses owned by members of the following minority groups: black, Hispanic, and other minority (primarily Asian, American Indian, and Alaska native).

North American Industrial Classification System (NAICS): The system used for classifying businesses by industry that will replace the Standard Industrial Classification (SIC) system. The new system is being implemented. The 1997 Economic Census is based on NAICS, rather than SIC, classifications.

Partnership: two or more parties who enter into a legal relationship to conduct business for profit. Defined by the Internal Revenue Code as joint ventures, syndicates, groups, pools, and other associations of two or more persons organized for profit that are not specifically classified in the IRS code as corporations or proprietorships.

Part-time workers: employees working fewer than 35 hours per week.

Prime contract: contract awarded directly by the federal government.

Proprietorship: the most common legal form of business ownership; about 85 percent of all small businesses are proprietorships. The liability of the owner is unlimited in this form of ownership.

Public equity markets: organized markets for trading in equity shares such as common stocks, preferred stocks, and warrants. Includes markets for both regularly traded and non-regularly traded securities.

Public offering: a general solicitation for participation in an investment opportunity. The Securities and Exchange Commission supervises interstate public offerings.

Short-term interest rates: interest rates for short-term borrowing, usually for a term of one year or less.

Size standard: standard based on the amount of a business' annual gross receipts used to determine eligibility for small business set-aside programs in government procurement.

Small business: a business smaller than a given size as measured by its employment, business receipts, or business assets. The SBA's Office of Advocacy generally uses employment data as a basis for size comparisons, with firms having fewer than 100 or fewer than 500 employees defined as small.

Small-Business Innovation Development Act of 1982: federal statute requiring federal agencies with large extramural R&D budgets to allocate a certain percentage of these funds to small R&D firms. The program is designed to stimulate technological innovation and make greater use of small businesses in meeting national innovation needs.

Small Business Innovation Research (SBIR) program: program mandated by the Small Business Innovation Development Act of 1982, requiring federal agencies with \$100 million or more of extramural R&D obligations to set aside 1.25 percent of these funds for small business.

Small business investment company (SBIC): privately owned company licensed and funded through the U.S. Small Business Administration and private sector sources to provide equity or debt capital to small business.

Socially and economically disadvantaged: individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group, without regard to their qualities as individuals, and whose ability to compete is impaired because of diminished opportunities to obtain capital and credit.

Sole proprietorship: unincorporated, one-owner business, farm, or professional practice. *See also* proprietorship.

Standard Industrial Classification (SIC) codes: a classification system established by the federal government, used to categorize businesses by type of economic activity. The SIC system is being replaced by the North American Industrial Classification System.

Subcontract: contract between a prime contractor and a subcontractor or between subcontractors to furnish supplies or services for performance of a prime contract or a subcontract.

Survey of Income and Program Participation (SIPP): a longitudinal survey conducted by the Bureau of the Census, designed to collect information about cash and noncash income, assets and liabilities, and taxes paid, and a variety of labor market data.